



# **Missouri Department of Natural Resources**

## **Water Protection Program Financial Assistance Center**

Clean Water State Revolving Fund  
Draft User Charge Ordinance

The Water Protection Program's Financial Assistance Center (FAC) has developed the following draft document for participants in the Clean Water State Revolving Fund (CWSRF) loan program and other grant and loan programs administered by the FAC. This document may be used as a draft ordinance for cities or as a draft resolution for water districts. For the benefit of the user, the draft document is not protected and the participants can modify it to fit their specific needs. The document provides the basic format and information needed for CWSRF projects. However, the actual format it is not a requirement of the CWSRF and the use of this document does not waive the review requirements for participating in the CWSRF.

As part of the User Charge Ordinance, participants will need to attach to this ordinance an appendix for the User Charge Budget & Rate Methodology (Appendix A), the Replacement Schedule (Appendix B) and the Annuity Calculations (Appendix C) will need to be attached with this ordinance. To help with these Appendices, FAC has designed a CWSRF Rate Assist Program that participants may use to produce these appendices. This program is divided into four separate spreadsheets titled Instruction, Budget and Rate Methodology, Replacement Schedule and Annual Replacement Annuity. Once this Rate Assist Program is completed, the participants can print the tabs titled Budget and Rate Methodology, Replacement Schedule and Annual Replacement Annuity, respectively.

The Rate Calculation Program can be viewed and downloaded at the following site:  
[www.dnr.mo.gov/env/wpp/srf/cw-ucs-methodology.xls](http://www.dnr.mo.gov/env/wpp/srf/cw-ucs-methodology.xls)

In an attempt to designate the appropriate document language, the suggested modifications related to city ordinances are highlighted in blue and the modifications related to water districts have been highlighted in red. Any other general instructions, suggests or modifications have been highlighted in magenta.

**MODEL USER CHARGE ORDINANCE**  
**(Actual Use Methodology)**

Ordinance No. \_\_\_\_\_

An ordinance establishing a User Charge System in the (City/District) of \_\_\_\_\_, County of \_\_\_\_\_, State of Missouri, to provide funds needed to pay for all expenses associated with the (city's/district's) wastewater treatment works.

Whereas, the (City/District) of \_\_\_\_\_, Missouri has constructed wastewater treatment works; and

Whereas, the (city/district) must pay all expenses associated with said treatment works and charge the users of said treatment works accordingly;

NOW, THEREFORE, BE IT ORDAINED BY THE (Mayor/Superintendent), and the (Board of Aldermen/Board Members) of the (City/District) of \_\_\_\_\_, Missouri, that the following user charge system be established:

**Article I**

It is determined and declared to be necessary and conducive to the protection of the public health, safety, welfare, and convenience of the (city/district) to collect charges from all users who contribute wastewater to the (city's/district's) treatment works. The proceeds of such charges so derived will be used for the purpose of operating, maintaining, and retiring the debt for such public wastewater treatment works.

**Article II**

Unless the context specifically indicates otherwise, the meaning of terms used in this ordinance shall be as follows:

Section 1: "BOD" (denoting Biochemical Oxygen Demand) shall mean the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20°C, expressed in milligrams per liter (mg/l).

Section 2: "Normal Domestic Wastewater" shall mean wastewater that has a BOD concentration of not more than 250 mg/l and a suspended solids concentration of not more than 300 mg/l. (Additional pollutants and concentrations can be added if desired)

Section 3: "Operation and Maintenance" shall mean all expenditures during the useful life of the treatment works for materials, labor, utilities and other items which are necessary for managing and maintaining the sewage works to achieve the capacity and performance for which such works were designed and constructed.

Section 4: "Replacement" shall mean expenditures for obtaining and installing equipment, accessories or appurtenances which are necessary during the useful life of the

treatment works to maintain the capacity and performance for which such works were designed and constructed. The term “operation and maintenance” includes replacement.

Section 5: “Residential Contributor” shall mean any contributor to the (city’s/district’s) treatment works whose lot, parcel of real estate or building is used for domestic dwelling purposes only.

Section 6: “Shall” is mandatory; “May” is permissive.

Section 7: “SS” (denoting suspended solids) shall mean the solids that either float on the surface of or are in suspension in water, sewage or other liquids and which are removable by laboratory filtering.

Section 8: “Treatment Works” shall mean any devices and systems for the storage, treatment, recycling and reclamation of municipal sewage, domestic sewage or liquid industrial wastes. These include interceptor sewers, outfall sewers, sewage collection systems, individual systems, pumping, power and other equipment and their appurtenances; extensions, improvements, remodeling, additions and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities; and any works including site acquisition of land that will be an integral part of the treatment process or is used for ultimate disposal of residues resulting from such treatment (including land for composting sludge, temporary storage of such compost and land used for storage of treated wastewater in land treatment systems before land application); or any other method or system for preventing, abating, reducing, storing, treating, separating or disposing of municipal waste or industrial waste, including waste in combined storm water and sanitary sewer systems.

Section 9: “Useful Life” shall mean the estimated period during which the treatment works will be operated.

Section 10: “User Charge” shall mean that portion of the total wastewater service charge which is levied in a proportional and adequate manner for the cost of operation, maintenance and replacement of the wastewater treatment works.

Section 11: “Water Meter” shall mean a water volume measuring and recording device, furnished and/or installed by the (City/District) of \_\_\_\_\_ or furnished and/or installed by a user and approved by the (City/District) of \_\_\_\_\_.

### **Article III**

Section 1: The User Charge System shall generate adequate annual revenues to pay the costs of annual operation and maintenance including replacement and cost associated with debt retirement of bonded capital associated with financing the treatment works which the (city/district) may by ordinance designate to be paid by the user charge system. That portion of the total user charge which is designated for operation and maintenance, including replacement of the treatment works, shall be established by this ordinance.

Section 2: That portion of the total user charge collected which is designated for the operation and maintenance including replacement purposes as established in Article IV, shall be deposited in a separate non-lapsing fund known as the Operation, Maintenance and Replacement Fund and will be kept in two primary accounts as follows:

- a. The Operation and Maintenance Account shall be an account designated for the specific purpose of defraying operation and maintenance costs (**excluding replacement**) of the treatment works. Deposits in the Operation and Maintenance Account shall be made \_\_\_\_\_ (**at least annually, specify**) from the operation and maintenance revenue **in the amount of \$\_\_\_\_\_ annually.**
- b. The Replacement Account shall be an account designated for the purpose of ensuring replacement needs over the useful life of the treatment works. Deposits in the Replacement Account shall be made \_\_\_\_\_ (**at least annually, specify**) from the replacement revenue in the amount of \$\_\_\_\_\_. (**See the spreadsheet titled Replacement Schedule in the Rate Assist Program B for calculation**)

Section 3: Fiscal year-end balances in the Operation and Maintenance Account and the Replacement Account shall be carried over to the same accounts in each subsequent fiscal year, and shall be used for no other purposes than those designated for these accounts. Monies which have been transferred from other sources to meet temporary shortages in the Operation, Maintenance and Replacement Fund shall be returned to their respective accounts upon appropriate adjustment of the user charge rates for operation, maintenance and replacement. The user charge rate(s) shall be adjusted such that the transferred monies will be returned to their respective accounts within the fiscal year following the fiscal year in which the monies were borrowed.

## **Article IV**

Section 1: Each user shall pay for the services provided by the (**city/district**) based on their use of the treatment works as determined by water meter(s) acceptable to the (**city/district**).

Section 2: For residential contributors, **monthly** user charges will be based on average **monthly** water usage during the months of January, February and March. (**Water usage for these months includes little use for such activities as lawn watering, car washing and other seasonal consumptive uses. The winter quarter average should not be used in areas that experience large seasonal fluctuations in population and/or usage.**) If a residential contributor has not established a January, February and March average, their **monthly** bill shall be the median charge of all other residential contributors.

For industrial and commercial contributors, user charges shall be based on water used during the current month. If a commercial or industrial contributor has a consumptive use of water, or in some other manner uses water which is not returned to the wastewater collection system, the user charge for that contributor may be based on wastewater meter(s) or separate

water meter(s) installed and maintained at the contributor's expense, and in a manner acceptable to the (city/district).

Section 3: (Reference is made to Appendix A of this ordinance.)  
The minimum charge per month shall be \$ \_\_\_\_\_. In addition, each contributor shall pay a user charge for operation and maintenance including replacement of \$ \_\_\_\_\_ per 1,000 gallons of water (or wastewater) as determined in the preceding section.

Section 4: (Reference is made to Appendix B of this ordinance.)  
For those contributors which contribute wastewater, the strength of which is greater than normal domestic sewage, a surcharge in addition to the normal user charge will be collected. The surcharge for operation and maintenance including replacement is:

\$ \_\_\_\_\_ per pound of BOD  
\$ \_\_\_\_\_ per pound of SS  
\$ \_\_\_\_\_ per pound \_\_\_\_\_ (Specify other pollutant(s).)

Section 5: Any user which discharge any toxic pollutants which cause an increase in the cost of managing the effluent or the sludge from the (city's/district's) treatment works, or any user which discharges any substance which singly or by interaction with other substances causes identifiable increases in the cost of operation, maintenance, or replacement of the treatment works, shall pay for such increased costs. The charge to each user shall be as determined by the responsible plant operating personnel and approved by the (Board of Aldermen/Board Members).

Section 6: The user charge rates established in this article apply to all users of the (city's/district's) treatment works, regardless of the user's location.

## **Article V**

(Note: Billing periods other than monthly are acceptable. Late payment criteria and penalties may be set as the recipient deems appropriate. Criteria set out below are for illustration purposes only.)

Section 1: All users shall be billed monthly. Billings for each month shall be made within thirty days after the end of that month. Payments are due when billings are made. Any payment not received within thirty days after the billing is made shall be delinquent.

Section 2: A late payment penalty of 10 percent of the user charge bill will be added to each delinquent bill for each thirty days of delinquency. When any bill is thirty days in default, rendition of water and/or sewer service to such premises shall be discontinued until such bill is paid following due notice and opportunity of hearing.

## **Article VI**

Section 1: The (city/district) shall review the user charge system annually (or more often) and revise user charge rates as necessary to ensure that the system generates adequate revenues to pay the costs of operation and maintenance including replacement and that the system continues to provide for the proportional distribution of operation and maintenance including replacement costs among users and user classes.

Section 2: The (city/district) will notify each user at least annually, in conjunction with a regular bill, of the rate being charged for operation and maintenance including replacement of the treatment works.

### **Article VII**

This ordinance shall be in full force and effect from and after its passage and approval.

Passed and adopted by the (Board of Aldermen/Board Members) of the (City/District) of \_\_\_\_\_, State of Missouri, of Month, Year, by the following vote:

Ayes \_\_\_\_\_ Namely \_\_\_\_\_

Nayes \_\_\_\_\_ Namely \_\_\_\_\_

Approved this \_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_  
Signature (Mayor/Chairman)

\_\_\_\_\_  
Name and title, typewritten or printed

Attest:

\_\_\_\_\_  
Signature (Clerk/Secretary)

\_\_\_\_\_  
Name and title, typewritten or printed